USDA Foreign Agricultural Service
GAIN Report
Global Agriculture Information Network
Template Version 2.09

Required Report - Public distribution

Date: 9/18/2008

GAIN Report Number: CH8081

China, Peoples Republic of

Tree Nuts

Annual

2008

Approved by:
Michael Woolsey
AGBEIJING

Prepared by:
Chanda Beckman, Wu Bugang, Evid Liu, and Josh O'Rear

Report Highlights:
Walnut production is forecast at 490,000 MT in MY2008, up seven percent from MY2007, following good harvests in China's northern provinces. Shelled almond production is forecast at 400 MT, down 70 percent from last year, due to a spring frost in the north-western province of Xinjiang that severely hampered production. Walnut consumption in China remains strong but demand for other nuts is elastic and dependent on price. Walnut exports are forecast up to 40,000 MT, while imports in MY 2008 are expected to remain stable. Almond imports are expected to increase following a bumper harvest in California, but MY 2008 imports of pistachios are forecast to decrease due to tightened world supplies. A temporary lower tariff for pistachios has resulted in more trade moving through official channels. To reflect this, MY 2007 imports are revised up to 32,000 MT.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Annual Report
Beijing [CH1]
[CH]

Table of Contents

Executive Summary

Walnut production (in-shell) in marketing year 2008 (MY, October-September) is forecast at 490,000 metric tons (MT), up seven percent from MY 2007. This expansion is mainly attributed to a good harvest in northern China, as well as new bearings resulting from expanded acreage. Shelled almond production is forecast at 400 MT in MY 2008, down 70 percent from the previous year, due to freezing temperatures in Kashi, Xinjiang Province during the spring.

Walnut consumption remains strong, and walnuts continue to be viewed as a nutritious food with health attributes. Consumption is forecast at 462,000 MT for MY 2008, up seven percent over MY 2007. Consumption of other types of nuts is more elastic and is driven by price, because they are considered a snack food rather than a diet staple.

Walnut exports are forecast at 40,000 MT for MY 2008 (in-shell), up 10 percent from MY 2007, as a result of increased local production. China's walnut imports are forecast at 10,000 MT (in-shell), unchanged from the previous season. Almond imports are forecast at 3,200 MT (shelled) in MY2008, up 40 percent from the previous year, fueled by an abundant U.S. almond harvest and a weak dollar. Pistachio imports are forecast at 24,000 MT in MY 2008, down 25 percent from the previous year, due to tightened supplies worldwide.

Production

Walnut

Walnut production (in-shell) in marketing year 2008 (MY, October-September) is forecast at 490,000 metric tons (MT), an increase of seven percent over the revised MY 2007 figure, following a good harvest in northern China, where the majority of walnuts are produced, as well as new bearings resulting from expanded acreage. Favorable weather with sufficient rain during the crop's development stage is expected to boost walnut production by 10 to 20 percent in the north and northwestern provinces of Shanxi, Shaanxi, Gansu, and Hebei. This increase in production in the north should offset a 10 percent decrease in production in Yunan Province, another major production area, caused by a low year in the production cycle, coupled with cold temperatures during spring flowering. China's walnut production is expected to see a dramatic increase over the next five to ten years as new plantings begin bearing.

Walnut acreage has expanded across China over the past three years, especially in Yunnan Province, in tandem with increasing market prices (see Prices section below). In addition to increased returns, farmers have been encouraged to plant more walnut trees by government support programs aimed at increasing China's walnut production. According to a provincial development plan, Yunnan Province has a goal of two million hectares in total walnut acreage by 2012. Property rights reform on collective-owned forests is also expected to contribute to China's walnut acreage expansion (see Policy section below).

The quality of this year's walnut crop is quite high, especially in Yunnan Province, where nut sizes are reportedly larger than the previous season. Yields vary significantly from place to place and depend on variety, orchard management techniques employed, and the layout of the orchard. Yields may range from 500 kg per hectare on slope land to 3,000 kg per hectare in consolidated orchards, which account for one-sixth of China's total walnut planted area. Over the last five years, Chinese farmers have begun to take better care of walnut crops. This change is driven by good returns and the recent inflation of agricultural inputs like fertilizer, fuel oil, and transportation, which seem to have had less impact on walnut production than on horticultural products that require more intensive orchard management, like apples. Labor costs, however, have doubled to U.S $6.90-7.30 (40-50 RMB) per day during the more labor-intensive grafting, harvesting, and shelling processes.

Almond

Shelled almond production in MY 2008 is forecast at 400 MT, down 70 percent from the revised MY 2007 estimate of 1300 MT due to below freezing spring temperatures in Kashi, Xinjiang Province and in line with industry estimates. Similar weather in the Kashi area occurred in MY 2006, and destroyed more than 80 percent of the region's almond production that year. Extreme cold during the winter months and poor orchard management remain the largest challenges for almond production in Xinjiang, the single largest almond producing province in northwestern China. Despite these challenges, the local government recently began subsidizing farmers to plant almond trees (double-cropped with corn and wheat) and acreage is expanding rapidly as a result. The Xinjiang government has a goal of planting 66,667 hectares of almond orchards by 2010. To reflect this quick expansion trend, the almond planted area for MY 2007 is revised up to 15,000 hectares from the previous estimate of 7,250 hectares. China's total almond acreage is forecast at 26,000 hectares for MY 2008.

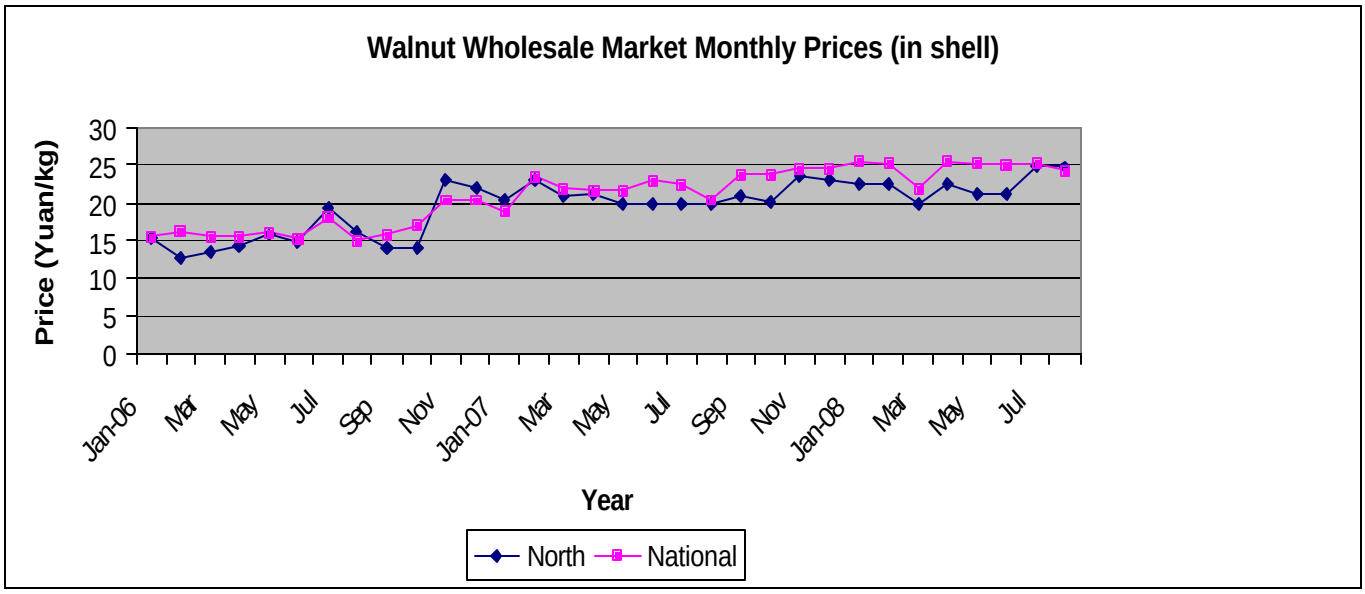
The quality of Xinjiang-produced almonds is not comparable with the high quality, imported product from California. For example, every metric ton of in-shell Xinjiang almonds can produce an average of 0.3 MT of shelled nuts, while the ratio for imported almonds is 1:0.45. To improve quality, the local government and research institutes are helping local farmers introduce better varieties from California. Trial almond production in other provinces, like Shanxi, is limited and the trial almond trees have been plagued by disease problems resulting from summer raisin production in nearby orchards.

Other nuts

Southern Xinjiang Province also produces pistachios, but in trace amounts that solely supply local domestic consumption. Macadamia nuts are produced in Yunnan Province and pecans are also produced in Yunnan and Zhejiang Provinces. However, the production volumes of these nuts are limited and as a rule they cannot be found on the market.

Prices

Walnut prices soared in MY 2006 following a devastating snow storm that destroyed 90 percent of the walnut crop in Shanxi Province, one of the major walnut-producing provinces in northern China. Market prices for walnuts have since remained at high levels, and this has triggered market speculation. Industry sources indicate that traders are still holding some stocks (in-shell basis) that are currently priced at U.S. $2,924 (20,000 RMB) per MT, down from the peak of U.S. $3,654 (25,000 RMB) during Chinese New Year in January and February, 2008. Given the expected bumper crop in northern China in MY 2008, walnut prices are likely to remain at the current level or decrease slightly from the previous season. Traders may also slow down their purchasing activities. Export prices, however, are expected to be similar to prices in MY 2007 given the RMB appreciation against the U.S. dollar. The exchange rate between the RMB and the U.S. dollar dropped to 6.84:1 in September 2008, from 7.5:1 in September 2007. Chinese customs statistics quote the average export price for shelled walnuts at U.S. $5,730 per MT in the first 10 months of MY 2007, up 28 percent over the same period the previous year.



(Note: exchange rate U.S. $1 = 6.84 RMB; The north region covers major nut producing provinces Shanxi and Hebei, as well as other cities and provinces including Beijing, Tianjin, Shandong, and Inner Mongolia.)

Trade

Imports

China's walnut imports in MY 2008 are forecast at 10,000 MT (in-shell), roughly unchanged from the revised MY 2007 figure, given a larger domestic crop this year. Although the U.S. walnut crop is forecast to increase by four percent, prices are expected to remain high because of increased production costs in the United States, especially for irrigation. The United States is China's largest walnut supplier, accounting for more than 90 percent of total imports. Compared with locally-produced walnuts, U.S. walnuts have a lighter color, a more even size and shape, and better taste. Walnut imports in MY 2007 jumped 39 percent to an estimated 10,065 MT, fueled by domestically-produced walnuts and a weaker dollar.

Almond imports in MY 2008 are forecast at 3,200 MT (shelled basis), up 40 percent from the previous year. Expected demand gains are attributed to a larger U.S. crop and a comparatively lower price for Chinese buyers, thanks to appreciating RMB. Increasing bearing acreage and greater stocks in California are expected to increase the total U.S. supplies by more than 10 percent. Almond prices have stabilized following the price bubble in 2004, but export prices in RMB continue to decline, fueling strong sales gains. China's MY 2007 imports are estimated at 2,300 MT of shelled almonds, up 70 percent from a year earlier.

China's pistachio imports are forecast at 24,000 MT in MY 2008, down 25 percent from the previous year, due to tightened world supplies. Iran, the world's largest pistachio producer, is expected to lose half of its crop due to a severe frost in April, and California is also anticipating a smaller harvest, down 30 percent from last year because of a low year in the production cycle. Iran is China's largest pistachio supplier, followed by the United States. Imports in MY 2007 are revised up to 32,000 MT, twice the previous estimate of 16,000 MT. This revision is based on China customs data and U.S. industry export figures. It also highlights the amount of trade that is now moving through official channels following the temporary lower tariff for pistachios (see Policy section below).

China has only recently begun to show an interest in importing pecans, but this interest is being noticed as a significant addition to world demand for the nut. U.S. Department of Commerce data indicates that U.S. in-shell pecan shipments to China reached 15,456 MT in MY 2007 through April 2008, an increase of nearly 156 percent over the same period the previous year. Most of these imports entered China via Hong Kong and Vietnam. When world pecan prices dropped to U.S. $1.30 per pound, as low as the price of walnuts, Chinese traders began sourcing more pecans. In MY 2008, however, China's imports of pecans are forecast to drop, following a smaller U.S. crop because of a low year in the production cycle. U.S. pecan production in MY 2008 is forecast at 100,000 MT, down 50 percent from the previous year.

Exports

China's walnut exports are forecast at 40,000 MT in MY 2008 (in-shell basis), up 10 percent from MY 2007, as a result of increased local production. Although walnut exporters are having a hard time turning a profit because of the RMB's appreciation against the dollar, they still prefer to ship to traditional overseas markets such as Japan, UK, Germany, and Vietnam, because payments from overseas buyers clear their accounts more quickly than from domestic retailers. Large supermarkets or hypermarkets require a high "entrance fee" and often delay payments to the food suppliers. Walnut processors are often small in size, so they do not have their own brands nor can they afford to market their brand products individually.

China's pistachio exports are forecast at 4,000 MT in MY 2008, down more than 30 percent from the previous year, in tandem with the reduced volume of imports. China mainly imports pistachios for processing and re-export to the U.S. and European markets.

Policy

Direct support for walnut production is often administered by local governments. County governments in the major producing provinces of Yunnan and Shanxi provide cash or subsidized seedlings to walnut growers. The Yunnan provincial government has set a short-term goal of dedicating a total of two million hectares to walnuts and producing 600,000 MT by 2012. The long-term goal is for production to reach two million MT by 2020 when new plantings begin bearing. There are reportedly four million hectares of deserted mountainous land across the province that is suitable for walnut production. While it is too early to predict whether these goals can be achieved, industry sources warn of a possible price drop in 8-10 years as a result such rapid acreage expansion. They believe a price drop will eventually hurt the farmers and China's walnut industry as a whole.

The central government launched a pilot property rights reform program for China's 170 million hectares of collective-owned forests in 2003. However, the policy did not go into effect until 2008. The program allows farmers to contract the collective-owned forests for 70 years to plant any type of tree, unless otherwise prohibited by law. Each rural family is entitled to use this type of forest land, which can be sub-contracted, leased, or transferred without changing the purpose of forestation. It is still too early to evaluate how the reform will benefit walnut production, but farmers do have the option to plant walnut trees (or any other type of nut trees) if they so desire.

In 2008, the General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) issued a directive to local Inspection and Quarantine Bureaus (CIQs) requiring that raw materials of plant-origin foods destined for international market be sourced from orchards that are registered with local CIQs. For nut products like walnuts, the enforcement date is January 1, 2010. This requirement is aimed at establishing a traceability system for plant-based food exports. However, walnut processors indicate that it is too difficult to comply with this requirement because walnuts are sourced from middlemen, rather than

individual farmers or orchards that are registered. It remains to be seen how this policy will be enforced.

Earlier in the year, the Chinese government lowered the import tariff for pistachios from 10 percent to five percent for the period between June 1 and December 31, 2008 (see CH8040, CH8043, and CH8045). As a result, China's pistachio import volume doubled in June and July, according to official customs data. Industry sources believe this is not an indication of soaring new imports, but rather traders choosing to import through official channels. Previously, large quantities of pistachios entered mainland China through ASEAN countries that enjoy zero tariffs for trade in agricultural products with China. Chinese importers have long complained about the high import tariffs for nut products, especially for in-shell nuts (see tariff table). Traders and industry officials would both like to see the government's tariff cut for pistachio imports continue in 2009 and eventually expand to include other nuts.

Tree nut tariff and VAT rates for 2008

		2008		Effective
HS Code	Description	Tariff	VAT	Rate
0801.2100	Brazil nuts, in shell	10.0%	13%	24.30%
0801.2200	Brazil nuts, shelled	10.0%	13%	24.30%
0801.3100	Cashew nuts, in -shell	20.0%	13.0%	35.60%
0801.3200	Cashew nuts, shelled	10.0%	13.0%	24.30%
0802.1100	Almonds, in-shell	24.0%	13.0%	40.12%
0802.1200	Almonds, shelled	10.0%	13.0%	24.30%
0802.2200	Hazelnuts/Filberts, shelled	10.0%	13.0%	24.30%
0802.2100	Hzaelnuts/Filberts, in-shell	25.0%	13.0%	41.25%
0802.3100	Walnuts, in-shell	25.0%	13.0%	41.25%
0802.3200	Walnuts, shelled	20.0%	13.0%	35.60%
0802.5000	Pistachios	5.0%	13.0%	18.65%
0802.6090	Macadamia nuts	24.0%	13.0%	40.12%
0802.9090	Pecans, fresh or dried, whether or not shelled or peeled	24.0%	13.0%	40.12%
2008.1910	Walnut kernels, in airtight containers	20.0%	17.0%	40.40%
2008.1920	Other nuts, in airtight containers	13.0%	17.0%	28.70%
Source: China Customs				

Consumption

The potential for increased nut consumption in China is growing in tandem with increases in incomes, current health trends, and the continued development of the processing industry. Chinese consumers are becoming increasingly affluent and express a desire to purchase products they perceive to be 'healthier,' such as walnuts, which Chinese have long believed have medicinal and health attributes. As a result, walnut consumption remains strong and the volume is forecast at 462,000 MT in MY 2008, up seven percent from MY 2007.

Although tree nuts are increasingly being used as recipe ingredients, especially in the baking industry, nuts are still primarily consumed as a snack food in China. Consumption is elastic and heavily dependent on price. With the exception of walnuts, most nut and nut products are imported. As world nut prices fluctuate, often greatly, Chinese consumers respond to these price increases and substitute with a less expensive variety of nut. Nut consumption typically increases in September during the Moon Festival and peaks during the Chinese New Year, which falls in January or February. Tree nuts are most popular in East China where the nut eating culture is strongest given the cold climate, followed by the South and Beijing Municipality. Chinese consumers prefer in-shell nuts to shelled nuts, not for hygienic reasons, but rather because they enjoy shelling the nuts.

Marketing

As stated above, price remains critical for tree nuts purchased by both end consumers and food manufacturers. Chinese traders look at the U.S. domestic market in terms of production and demand, which impacts the U.S. supplier's price. They also consider the state of China's economy, which determines disposable income. Tree nuts at lower price ranges usually sell better than higher priced products. Generally, lower cost high-end nuts are substituted for high-end applications, and lower cost nuts (such as peanuts) are substituted for lower-end applications. Educating Chinese buyers about the value U.S. tree nuts add to their final product is one way to convince Chinese manufacturers and consumers to purchase higher quality U.S. ingredients rather than less expensive alternatives.

Shipping U.S. Tree Nuts to China

U.S. tree nuts are generally shipped from Long Beach, California directly to China. Once the shipment arrives in China it is channeled to either 1) a large processor (that reviews the cargo, tests, cleans, seasons, roasts, grades, repacks, stores, and domestically ships the nuts) that then distributes the nuts to retail outlets or 2) to a distributor who delivers the nuts to a smaller sized processor, who then ships to a wholesaler, whose product reaches end consumers in small local shops. Traders cite increased fuel prices, slowed truck traffic due to security measures implemented for the Olympic Games, and a U.S. port strike as trade challenges. Most Chinese traders rely on cost and freight prices (C&F) because they are confident of U.S. shipment reliability and do not purchase insurance to lower shipping costs.

Walnuts

Traditionally, domestically produced walnuts are used as an ingredient for soup. California walnuts (mostly the Hartley variety) have grown more popular, especially in affluent regions where consumers place great value on a product's nutritional attributes. Most walnuts are consumed in-shell as a snack food, while walnut kernels are used in confectionary and baking sector products. Most imports from the United States are the "extra large" and "large" sized walnut products. Chinese consumers prefer the taste of U.S. walnuts over domestically produced walnuts, which are slightly bitter in taste, depending on the variety.

Pistachios

U.S. pistachios, mostly Kerman, U.S. #1, and fancy, recaptured market share in 2007, thanks to bumper crops and lower prices in the United States. To compete with U.S. pistachios, Iranian varieties are usually quoted $200-300 per ton less than U.S. #1 prices. Like walnuts, most pistachios are consumed as in-shell snacks, though the application of pistachios as ingredients in baked products such as cakes, and confectionary goods is slowly growing. Traders say many consumers now believe non-bleached pistachios are a healthier option than bleached nuts. This increased awareness is the result of educational and promotional efforts and concern for food safety. As a result, bleached products seem to be diminishing in the market. Furthermore, industry contacts indicate food safety concerns have led supermarket buyers to require certificates of origin for each shipment. As a result, traders report there seems to be less outright mislabeling evident that blatantly identifies Iranian pistachios as being of U.S. origin.

Almonds

Thanks to continuously declining prices, imports of U.S. almonds (mostly Carmel and Nonpareil varieties) have steadily increased in the past two years. Almonds are mostly consumed in the shelled kernel form as snacks, and are also used in the bakery, confectionary, and food service sectors. Sliced, slivered, diced, and powdered almonds have an increased presence in China's processing sector, thanks to the Almond Board of California's aggressive promotion. Continued low prices due to the weak dollar are expected to help fuel additional sales gains.

Potential demand for in-shell almonds is largely untapped. Chinese consumers enjoy cracking in-shell nut snacks. However, shelled almonds account for most of China's almond imports. The high tariff rate on in-shell almonds (24 percent for in-shell almonds versus 10 percent for shelled ones) limits interest in in-shell product in this price-sensitive market. While the most popular snack flavors are salted, barbecue, and onion flavor, the natural flavor is gaining ground.

Pecans
In 2007, large pecan crops from Texas, Georgia, Oklahoma, and New Mexico and subsequent low prices created opportunity for U.S. pecans (mostly Western Schley and Stuard varieties) to enter China in larger volumes. High walnuts prices made the less pricy pecan more competitive and better perceived by Chinese consumers. Most U.S. pecans come in "large" and "extra large" sizes, and are consumed as in-shell snacks. In the 2008-2009 season, estimated short crops and higher U.S. pecan prices, together with lower walnut prices, will constrain imports of U.S. pecans.

Hazelnuts
Turkey dominates China's imports of shelled hazelnuts, but the United States is the only exporter of in-shell hazelnuts to China. Most U.S. exports are sourced from Oregon. China's hazelnut production is small by comparison and China is not viewed as a competitor. China's hazelnuts are smaller sized than U.S. nuts, and are grown in Liaoning Province, Heilongjiang and Jilin Provinces in northeast China, and in Inner Mongolia in northern China.

Most U.S. hazelnut exports to China (Barcelona and Ennis varieties) are "large" and "extra large" sized. In-shell hazelnuts are mostly consumed as snacks, and shelled product is used as ingredients in the baking and confectionary sectors. Chinese consumers prefer U.S. hazelnuts as a snack over Turkish and Chinese produced, as the former are bigger and better tasting. Crop increases in Turkey for 2008 will lower prices later this year, which will further stimulate China's imports.

Promoting U.S. Tree Nuts in China
The high quality, important health benefits, and added value of U.S. nuts should continuously be included as educational themes in the promotion of U.S. nuts in China. This will encourage high income consumers to continue to purchase U.S. products.

In addition to snacks, the fast growing bakery and confectionary sectors have become an increasing market niche, featuring new forms (slivered, sliced, grounded, or powdered) as ingredients in a wider range of products, from cakes to breads and candies to biscuits. To differentiate the product, the nut ingredient is usually identified by product name. Because consumers lack specific knowledge of U.S. nuts, technical assistance and product recipes will be helpful in promoting nut ingredients to high-end bakeries and confectionary makers.

Promotional activities should target high consumption seasons. Chinese consumers eat more nut snacks in the fall, winter, and spring when the climate is mild and cold, compared to hot summers. The Chinese Lunar New Year is the best retail season of the year to promote nuts, as they are popular snacks and often given as gifts during this traditional festival.

For U.S. tree nuts of substantial supply, promotional activities should strive to expand from the current primary cities of Beijing, Shanghai, Guangzhou, and Shenzhen to other Emerging City Markets where there is promising untapped potential from increasing numbers of high income consumers. Xiamen, Dongguan, and Shantou in southern China, Ningbo and Hangzhou in eastern China, Dalian and Qingdao in northern China, and Chengdu and Kunming in southwestern China should all be explored. (Please refer to respective ECM GAIN reports for more details on each city.)

Table

Walnut Production, Supply and Demand (PSD) Table

PSD Table									
Country	**China, Peoples Republic of**								
Commodity	**Walnuts, Inshell Basis**						(HA)(1000 TREES)(MT)		
	2006	Revised		2007	Estimate		2008	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		10/2006	10/2006		10/2007	10/2007		10/2008	10/2008
Area Planted	1380000	1270000	1270000	1333500	0	1350000	0	0	1485000
Area Harvested	966000	889000	889000	933450	0	945000	0	0	995000
Bearing Trees	0	0	0	0	0	0	0	0	0
Non-Bearing Trees	0	0	0	0	0	0	0	0	0
Total Trees	0	0	0	0	0	0	0	0	0
Beginning Stocks	0	0	0	0	0	0	0	0	2000
Production	425000	425000	425000	460000	0	460000	0	0	490000
Imports	8400	7585	7250	8750	0	10065	0	0	10000
Total Supply	433400	432585	432250	468750	0	470065	0	0	502000
Exports	33000	30660	30596	32500	0	36227	0	0	40000
Domestic Consumption	400400	401925	401654	436250	0	431838	0	0	462000
Ending Stocks	0	0	0	0	0	2000	0	0	0
Total Distribution	433400	432585	432250	468750	0	470065	0	0	502000

Note: Numbers have been converted into in-shell basis using a ratio between in-shell and shelled of 1:0.4.

Trade Matrices for Walnuts

Import Trade Matrix			
Country	China, Peoples Republic of		
Commodity	Walnuts, Inshell Basis		
Time Period		Units:	MT
Imports for:	2006		2007
U.S.	6013	U.S.	7107
Others		Others	
North Korea	188	South Africa	177
Japan	78	Peru	138
Mexico	6	North Korea	87
Peru	3	Japan	65
Kazakhstan	1	Kyrgyzstan	62
		Brazil	50
		Kazakhstan	45
		South Korea	32
		Uzbekistan	22
		Iran	3
Total for Others	276		681
Others not Listed	1		8
Grand Total	6290		7796

Note: Import of numbers have been converted into in-shell basis using a ratio between in-shell and shelled of 1:0.4. Figures are calendar year, based on available statistics.

Export Trade Matrix			
Country	China, Peoples Republic of		
Commodity	Walnuts, Inshell Basis		
Time Period		Units:	MT
Exports for:	2006		2007
U.S.	25	U.S.	272
Others		Others	
UK	7965	Japan	7914
Japan	7823	UK	6340
Vietnam	5532	Germany	2567
Germany	3128	Vietnam	2472
Canada	1392	France	1837
UAE	1078	UAE	900
Taiwan	1000	Taiwan	805
Australia	908	Canada	790
Netherlands	843	Spain	702
Turkey	625	Saudi Arabia	587
Total for Others	30294		24914
Others not Listed	5552		5376
Grand Total	35871		30562

Note: Export numbers have been converted into in-shell basis using a ratio between in-shell and shelled of 1:0.4. Figures are calendar year, based on available statistics.

Almond Production, Supply and Demand (PSD) Table

PSD Table									
Country	**China, Peoples Republic of**								
Commodity	**Almonds, Shelled Basis**						(HA)(1000 TREES)(MT)		
	2006	Revised		2007	Estimate		2008	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		10/2006	10/2006		10/2007	10/2007		10/2008	10/2008
Area Planted	6600	0	6600	7250	0	15000	0	0	26000
Area Harvested	0	0	0	0	0	0	0	0	0
Bearing Trees	0	0	0	0	0	0	0	0	0
Non-Bearing Trees	0	0	0	0	0	0	0	0	0
Total Trees	0	0	0	0	0	0	0	0	0
Beginning Stocks	0	0	0	0	0	0	0	0	0
Production	200	0	200	1500	0	1300	0	0	400
Imports	1566	0	1354	2000	0	2300	0	0	3200
Total Supply	1766	0	1554	3500	0	3600	0	0	3600
Exports	0	0	0	200	0	0	0	0	0
Domestic Consumption	1766	0	1554	3300	0	3600	0	0	3600
Ending Stocks	0	0	0	0	0	0	0	0	0
Total Distribution	1766	0	1554	3500	0	3600	0	0	3600

Note: Numbers have been converted into shelled basis using a ratio between in-shell and shelled of 1:0.45 for imported almonds and 1:0.3 for domestic almonds.

Trade Matrices for Almonds

Import Trade Matrix			
Country	China, Peoples Republic of		
Commodity	Almonds, Shelled Basis		
Time Period		Units:	MT
Imports for:	2006		2007
U.S.	731	U.S.	1024
Others		Others	
Kyrgyzstan	185	Kyrgyzstan	194
Japan	19	Australia	118
Pakistan	11	Kazakhstan	31
Kazakhstan	2	Thailand	15
		Japan	2
Total for Others	217		360
Others not Listed	2		0
Grand Total	950		1384

Note: Numbers have been converted into shelled basis using a ratio between in-shell and shelled of 1:0.45. Figures are calendar year, based on available statistics.

Pistachio Production, Supply and Demand (PSD) Table

PSD Table									
Country	**China, Peoples Republic of**								
Commodity	**Pistachios, Inshell Basis**						(HA)(1000 TREES)(MT)		
	2006	Revised		2007	Estimate		2008	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		10/2006	10/2006		10/2007	10/2007		10/2008	10/2008
Area Planted	0	0	0	0	0	0	0	0	0
Area Harvested	0	0	0	0	0	0	0	0	0
Bearing Trees	0	0	0	0	0	0	0	0	0
Non-Bearing Trees	0	0	0	0	0	0	0	0	0
Total Trees	0	0	0	0	0	0	0	0	0
Beginning Stocks	0	0	0	0	0	0	0	0	0
Production	0	0	0	0	0	0	0	0	0
Imports	12200	0	12475	16000	0	32000	0	0	24000
Total Supply	12200	0	12475	16000	0	32000	0	0	24000
Exports	3660	0	3697	4000	0	5828	0	0	4000
Domestic Consumption	8540	0	8778	12000	0	26172	0	0	20000
Ending Stocks	0	0	0	0	0	0	0	0	0
Total Distribution	12200	0	12475	16000	0	32000	0	0	24000

Trade matrices for Pistachios

Import Trade Matrix			
Country	China, Peoples Republic of		
Commodity	Pistachios, Inshell Basis		
Time Period		Units:	
Imports for:	2006		2007
U.S.	4856	U.S.	8729
Others		Others	
Iran	3905	Iran	10002
Australia	367	Australia	542
		Japan	13
		Thailand	4
Total for Others	4272		10561
Others not Listed	1		0
Grand Total	9129		19290

Note: Figures are calendar year, based on available statistics.

Export Trade Matrix			
Country	China, Peoples Republic of		
Commodity	Pistachios, Inshell Basis		
Time Period		Units:	MT
Exports for:	2006		2007
U.S.	2461	U.S.	2353
Others		Others	
Netherlands	385	Netherlands	610
Australia	328	Australia	308
Vietnam	168	Hong Kong	163
Spain	160	Vietnam	157
Hong Kong	131	Hong Kong	117
Singapore	80	South Korea	91
South Korea	80	Spain	77
France	74	Singapore	34
Germany	41	Germany	22
Japan	16	Belgium	18
Total for Others	1463		1597
Others not Listed	7		22
Grand Total	3931		3972

Note: Figures are calendar year, based on available statistics.